

STATE BONDING FUND
INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2006

	July-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Month	Net ROR	FYTD	FY06	Ended	Ended
		Actual	Policy		Net	Net	6/30/2006	6/30/2006
							Net	Net
LARGE CAP DOMESTIC EQUITY								
<i>Structured Growth</i>								
Los Angeles Capital	69,791	2.6%	2.8%	-3.69%	-3.69%	11.12%	N/A	N/A
Total Structured Growth	69,791	2.6%	2.8%	-3.69%	-3.69%	11.12%	12.01%	-0.32%
<i>Russell 1000 Growth</i>				-1.90%	-1.90%	6.12%	8.35%	-0.76%
<i>Structured Value</i>								
LSV	78,901	2.9%	2.8%	2.03%	2.03%	15.05%	21.14%	12.22%
<i>Russell 1000 Value</i>				2.43%	2.43%	12.10%	15.70%	6.89%
<i>Russell 1000 Enhanced Index</i>								
LA Capital	140,065	5.1%	5.6%	-1.08%	-1.08%	11.58%	N/A	N/A
<i>Russell 1000</i>				0.22%	0.22%	9.08%	N/A	N/A
<i>S&P 500 Enhanced Index</i>								
Westridge	167,646	6.2%	5.6%	0.65%	0.65%	8.77%	N/A	N/A
<i>S&P 500</i>				0.62%	0.62%	8.63%	N/A	N/A
<i>Index</i>								
State Street	51,947			0.85%	0.85%	9.51%	11.47%	2.62%
Total Index	51,947	1.9%	1.9%	0.85%	0.85%	9.51%	11.47%	2.62%
<i>S&P 500</i>				0.62%	0.62%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	508,350	18.7%	18.8%	-0.22%	-0.22%	10.95%	13.63%	3.95%
<i>S&P 500</i>				0.62%	0.62%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY								
<i>Manager-of-Managers</i>								
SEI	162,357	6.0%	6.3%	-3.55%	-3.55%	13.58%	18.20%	7.84%
<i>Russell 2000 + 200bp</i>				-3.09%	-3.09%	16.86%	21.06%	10.38%
TOTAL SMALL CAP DOMESTIC EQUITY	162,357	6.0%	6.3%	-3.55%	-3.55%	13.58%	18.20%	7.86%
<i>Russell 2000</i>				-3.25%	-3.25%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY								
<i>Large Cap - Active</i>								
Capital Guardian	105,879	3.9%	4.0%	0.77%	0.77%	28.07%	20.99%	6.90%
LSV	102,631	3.8%	4.0%	1.24%	1.24%	27.09%	N/A	N/A
Total Large Cap - Active	208,510	7.7%	8.0%	1.00%	1.00%	27.66%	21.92%	12.63%
<i>MSCI EAFE - 50% Hedged</i>				0.98%	0.98%	26.72%	22.56%	6.89%
<i>Small Cap - Value</i>								
Lazard	24,828	0.9%	1.0%	-2.41%	-2.41%	23.65%	28.06%	N/A
<i>Citigroup Broad Market Index < \$2BN</i>				-2.02%	-2.02%	29.28%	32.40%	N/A
<i>Small Cap - Growth</i>								
Vanguard	25,374	0.9%	1.0%	-0.50%	-0.50%	29.24%	32.39%	N/A
<i>Citigroup Broad Market Index < \$2BN</i>				-2.02%	-2.02%	29.28%	32.40%	N/A
TOTAL INTERNATIONAL EQUITY	258,712	9.5%	10.0%	0.51%	0.51%	27.35%	23.83%	8.67%
<i>MSCI EAFE - 50% Hedged</i>				0.98%	0.98%	26.72%	22.56%	6.89%
DOMESTIC FIXED INCOME								
<i>Core Bond</i>								
Western Asset	527,098	19.4%	18.3%	1.65%	1.65%	-0.90%	7.36%	8.59%
<i>Lehman Aggregate</i>				1.35%	1.35%	-0.81%	2.05%	4.97%
<i>Core Plus/Enhanced</i>								
Clifton Group	120,392	4.4%	6.1%	N/A	N/A	N/A	N/A	N/A
Prudential	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Core Plus/Enhanced	120,392	4.4%	6.1%	N/A	N/A	N/A	N/A	N/A
<i>Lehman Aggregate</i>				1.35%				
<i>Index</i>								
Bank of ND	349,317	12.8%	12.2%	1.08%	1.08%	-1.14%	1.14%	4.90%
<i>Lehman Gov/Credit (1)</i>				1.30%	1.30%	-1.52%	1.04%	4.78%
<i>BBB Average Quality</i>								
Wells Capital (formerly Strong)	525,362	19.3%	18.3%	1.51%	1.51%	-2.11%	2.63%	N/A
<i>Lehman US Credit BAA</i>				1.58%	1.58%	-2.37%	2.63%	N/A
TOTAL DOMESTIC FIXED INCOME	1,522,169	55.9%	55.0%	1.43%	1.43%	-1.39%	6.59%	7.79%
<i>Lehman Aggregate (2)</i>				1.35%	1.35%	-0.81%	1.84%	5.28%
CASH EQUIVALENTS								
Bank of ND	271,493	10.0%	10.0%	0.45%	0.45%	4.50%	2.71%	2.42%
<i>90 Day T-Bill</i>				0.42%	0.42%	4.00%	2.37%	2.25%
TOTAL BONDING FUND	2,723,082	100.0%	100.0%	0.62%	0.62%	5.28%	7.24%	5.20%
POLICY TARGET BENCHMARK				0.80%	0.80%	4.99%	6.57%	5.10%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.